

(iii) Any amounts that would otherwise have been allocated to a hospital but for the hospital's OBRA 1993 payment limitation as applied under subclause (i) shall be reallocated to all other public hospitals (that have not reached their OBRA 1993 payment limitation) on a pro rata basis. With respect to a public hospital described in subclause (ii), such hospital's pro rata share of any such reallocated amounts shall be based on the product derived for the hospital under clause (a).

(iv) The amount determined for each hospital pursuant to subclause (i) and subclause (ii), as applicable (including the reduction under subclause (ii)), plus any reallocations to the hospital under subclause (iii), shall be the final adjusted projected total payment adjustment amount for the hospital for the 1998-99 payment adjustment year, which shall be paid to the hospital in accordance with paragraph j.

j. The final adjusted projected total payment adjustment amount determined for each eligible hospital for the 1998-99 payment adjustment year shall be distributed as set forth below.

(1) With respect to the period July 1, 1998, through September 30, 1998, payment adjustment amounts shall be payable only to those eligible hospitals that, as of July 1, 1998, were not part of a county-operated health system of three or more eligible hospitals licensed to the county.

(a) The maximum amount of payment adjustments payable to eligible hospitals under this subparagraph for the period July 1, 1998, through September 30, 1998, shall be determined as follows:

- (i) The maximum state disproportionate share hospital allotment for California under the provisions of applicable federal medicaid rules shall be identified for the 1998 federal fiscal year. This maximum allotment is two billion one hundred seventeen million eight hundred ninety-nine thousand six hundred sixty-eight dollars (\$2,117,899,668).
 - (ii) The total amount of all payment adjustments under this Attachment (exclusive of any payments under this subparagraph) applicable to the 1998 federal fiscal year, whether paid or payable, shall be determined. The applicability of payment adjustment amounts to the 1998 federal fiscal year shall be determined in accordance with federal medicaid rules, including Sections 447.297(d)(3) and 447.298 of Title 42 of the Code of Federal Regulations.
 - (iii) The figure determined under subclause (ii) shall be subtracted from the figure identified under subclause (i). The positive remainder shall be the maximum amount of payment adjustments payable with respect to the period July 1, 1998, through September 30, 1998, under this subparagraph.
- (b) With respect to an eligible hospital that, as of July 1, 1998, meets the definition of a nonpublic/converted hospital, the maximum amount payable for the period July 1, 1998, through September 30, 1998, shall be equal to the product of the final adjusted projected total payment adjustment amount determined for the hospital pursuant to paragraph i., multiplied by a fraction that is computed as follows:

- (i) The maximum amount derived in subclause (iii) of clause (a) shall be increased by an amount equal to the total amount of payment adjustments paid or payable under subsection 4. of Section L.
 - (ii) The figure derived in subclause (i) shall be divided by one billion seven hundred fifty million dollars (\$1,750,000,000).
- (c) With respect to an eligible hospital that, as of July 1, 1998, meets the definition of a converted hospital, the maximum amount payable for the period July 1, 1998, through September 30, 1998, shall be equal to the product of the final adjusted projected total payment adjustment amount determined for the hospital pursuant to paragraph i., multiplied by a fraction that is computed as follows:
- (i) The maximum amount derived in subclause (iii) of clause (a) shall be increased by an amount equal to the total amount of payment adjustments paid or payable under subsection 4. of Section L.
 - (ii) The figure derived in subclause (i) shall be divided by one billion seven hundred fifty million dollars (\$1,750,000,000).
- (d) With respect to an eligible hospital that, as of July 1, 1998, meets the definition of a nonpublic hospital, the maximum amount payable for the period July 1, 1998, through September 30, 1998, shall be equal to the product of the final adjusted projected total payment adjustment amount determined for the hospital pursuant to paragraph i., multiplied by a fraction that is computed as follows:

- (i) The maximum amount derived in subclause (iii) of clause (a) shall be increased by an amount equal to the total amount of payment adjustments paid or payable under subsection 4. of Section L.
 - (ii) The figure derived in subclause (i) shall be divided by one billion seven hundred fifty million dollars (\$1,750,000,000).
- (e) With respect to an eligible hospital that, as of July 1, 1998, meets the definition of a public hospital, the maximum amount payable for the period July 1, 1998, through September 30, 1998, shall be equal to the product of the final adjusted projected total payment adjustment amount determined for the hospital pursuant to paragraph i., multiplied by a fraction that is computed as follows:
- (i) The maximum amount derived in subclause (iii) of clause (a) shall be reduced by the aggregate sums of the amounts determined for all nonpublic/converted hospitals under clause (b), the amounts determined for all converted hospitals under clause (c) and the amounts determined for all nonpublic hospitals under clause (d).
 - (ii) The amounts computed under paragraph i. with respect to all public hospitals that are subject to this subparagraph (1) shall be added together, yielding an aggregate sum.
 - (iii) The figure derived in subclause (i) shall be divided by the aggregate sum derived in subclause (ii).

- (f) The resulting product determined for each hospital pursuant to clauses (b) through (e), as applicable, shall be distributed to the hospital in 3 equal installments, each payable as of the last day of each month from July 1998 through September 1998. However, no hospital shall receive an installment for any month in which the hospital does not remain in operation for the entire month. To the extent that any hospital is not entitled to receive an installment that otherwise would be payable but for the hospital's failure to remain in operation through the last day of a particular month, the amount that would have been paid to the hospital shall be redistributed among those hospitals of the same hospital type (as such hospital types are described in clauses (b) through (e)) that remain in operation from July 1, 1998, through September 30, 1998, to be distributed on a pro rata basis. The redistributed amounts shall be payable as of September 30, 1998.
- (2) With respect to the period October 1, 1998, through June 30, 1999, payment adjustment amounts shall be payable to each eligible hospital in the amount equal to the final adjusted projected total payment adjustment amount determined for the hospital pursuant to paragraph i., less any payment adjustments paid or payable to the hospital (or payment adjustments that would have been payable but for the hospital's failure to remain in operation for a particular month) under subparagraph (1).
- (a) The payment adjustments for the period shall be distributed in 8 equal amounts, each payable as of the last day of each month from October 1998 through May 1999. However, no hospital shall receive an installment for any month in which the hospital does not remain in operation for the entire month.
- (b) To the extent that any hospital of either of the hospital types described in clause (d) or (e) of subparagraph (1) is not entitled to receive an installment that otherwise would be payable but for the hospital's failure to remain in operation through the last day of a particular month, the amount that would have been paid to the hospital shall be redistributed among those hospitals of the same hospital type that remain in operation from October 1, 1998, through June 30, 1999, to be distributed on a pro rata basis. The redistributed amounts shall be payable as of June 30, 1999.

- (c) With respect to a public hospital that, as of July 1, 1998, is part of a county-operated health system of three or more eligible hospitals licensed to the county, the hospital's pro rata share of any reallocations under clause (b) shall be based on the final adjusted projected total payment adjustment amount determined for the hospital pursuant to paragraph i., as increased by an amount equal to the amount paid or payable to the hospital under subsection 4. of Section L.
 - k. No eligible hospital shall receive total payment adjustments for the 1998-99 payment adjustment year in excess of the hospital's OBRA 1993 payment limitation as computed by the department pursuant to Section J.
 - l. The aggregate sum of the final adjusted projected total payment adjustment amounts computed under paragraph i. for each eligible hospital shall be the maximum size of the payment adjustment program for the 1998-99 payment adjustment year, exclusive of the supplemental payment adjustments provided for under subsection 2.
2. Supplemental Lump-Sum Payment Adjustments - June 30, 1999.
- a. For the 1998-99 payment adjustment year, eligible hospitals that meet the requirements of this subsection and that are in operation as of June 30, 1999, shall be eligible to receive a supplemental lump-sum payment adjustment, which shall be payable as a result of the facility being a disproportionate share hospital in operation as of that date, but only if the hospital has remained in operation for the period October 1, 1998, through June 30, 1999.
 - b. The availability of supplemental lump-sum payment adjustments under this subsection shall be determined as follows:
 - (1) The maximum state disproportionate share hospital allotment for California under the provisions of applicable federal medicaid rules shall be identified for the 1999 federal fiscal year.

- (2) The total amount of all payment adjustment amounts under this Attachment (exclusive of any payments under this subsection) applicable to the 1999 federal fiscal year, whether paid or payable, shall be determined. The applicability of payment adjustment amounts to the 1999 federal fiscal year shall be determined in accordance with federal Medicaid rules, including Sections 447.297(d)(3) and 447.298 of Title 42 of the Code of Federal Regulations.
 - (3) The figure determined under subparagraph (2) shall be subtracted from the figure identified under subparagraph (1). If the remainder is a positive figure, supplemental lump-sum payment adjustments shall be made under this subsection. The positive remainder shall be the maximum amount of supplemental lump-sum payment adjustments under this subsection.
- c. For purposes of supplemental lump-sum payment adjustments under this subsection, only hospitals that can be categorized into either of the two groups specified in subparagraphs (1) and (2) below shall be eligible to receive the supplemental payment adjustments, and no hospital may qualify for more than one of the two groups. The following groups of hospitals shall be recognized:
- (1) "Public hospitals," which shall include all eligible hospitals that, as of July 1, 1998, met the definition of a public hospital.
 - (2) "Nonpublic hospitals," which shall include all eligible hospitals that, as of July 1, 1998, met the definition of a nonpublic hospital.
- d. The amount determined to be the maximum amount of supplemental lump-sum payment adjustments under subparagraph (3) of paragraph b. shall first be allocated between the two groups of hospitals referred to in paragraph c. as follows:
- (1) "Public hospitals": 72.78% of the maximum amount.
 - (2) "Nonpublic hospitals": 27.22% of the maximum amount.

- e. The amount of funds allocated pursuant to paragraph d. to each of the particular groups of hospitals referred to in paragraphs c. and d. shall then be distributed as supplemental lump-sum payment adjustments among the eligible hospitals within each particular group as follows:

- (1) The department shall identify for each eligible hospital the total amount of payment adjustments under this Attachment (exclusive of any payments under this subsection) applicable to the 1998-99 payment adjustment year, whether paid or payable. The applicability of the payment adjustment amounts to this period of time shall be determined in accordance with federal medicaid rules, including Sections 447.297(d)(3) and 447.298 of Title 42 of the Code of Federal Regulations.
- (2) The amount identified for each hospital under subparagraph (1) shall be compared to the OBRA 1993 payment limitation that, in accordance with Section J., the department has computed for the particular hospital for the 1998-99 payment adjustment year.
- (3) Where the amount computed under subparagraph (1) for the particular hospital is equal to or exceeds the OBRA 1993 payment limitation for the hospital, the hospital shall not receive a supplemental lump-sum payment adjustment. Data regarding hospitals that have reached this limitation shall not be used for purposes of subparagraphs (5) through (8).
- (4) Where the amount computed under subparagraph (1) for the particular hospital is less than the OBRA 1993 payment limitation for the hospital, the amount computed under subparagraph (1) shall be used for purposes of subparagraphs (5) through (8). Except, however, with respect to a public hospital that, as of July 1, 1998, was part of a county-operated health system of three or more eligible hospitals licensed to the county, the amount computed under subparagraph (1), as increased by an amount equal to the amount paid or payable to the hospital pursuant to subsection 4. of Section L., shall be used for purposes of subparagraphs (5) through (7), while the amount computed under subparagraph (1) only shall be used for purposes of applying the OBRA 1993 payment limitation under subparagraph (8).

- (5) The figures determined under subparagraph (4) for each hospital in the particular group shall be added together to determine an aggregate total for each group.
 - (6) The figures determined for each hospital under subparagraph (4) shall be divided by the aggregate total determined under subparagraph (5) for the particular group, yielding a percentage figure for each hospital.
 - (7) The percentage figure determined for each hospital under subparagraph (6) shall be applied to the maximum portion of the funds allocated to the particular group under paragraph d., to determine the hospital's pro rata share of the supplemental lump-sum payment adjustments. Except, however, in the case of a nonpublic hospital that, as of July 1, 1998, met the definition of a children's hospital, such pro rata share otherwise determined shall be multiplied by a factor of 1.09, yielding a modified pro rata share. The pro rata share for the other nonpublic hospitals shall be reduced accordingly, yielding a modified pro rata share, so that the maximum portion of the funds allocated to the nonpublic hospitals group will not be exceeded. The pro rata share or modified pro rata share, as applicable, for each hospital, as computed under this clause, shall also be used for all purposes relating to descending pro rata distributions under subparagraph (8).
 - (8) In no event shall a hospital receive supplemental lump-sum payment adjustment amounts in excess of the difference between the OBRA 1993 payment limitation for the hospital and the amount computed for the hospital under subparagraph (1). Any supplemental lump-sum payment adjustment amount, or portion thereof, that otherwise would have been payable under this paragraph to a hospital, but that is barred by this limitation, shall be distributed on a descending pro rata basis to those hospitals within the same group.
- f. The department shall make interim and final payments of the supplemental lump-sum payment adjustments to hospitals on or before August 15, 1999.

N. Payment Adjustment Program for 1999-2000 Payment Adjustment Year

With respect to the 1999-2000 payment adjustment year, the program shall proceed in conformance with the provisions of other applicable Sections of this Attachment, except as set forth below.

1. Non-Supplemental Payment Adjustments - July 1, 1999 - September 30, 1999.

No payment adjustment amounts shall be payable in connection with the period of July 1 through September 30 of the 1999-2000 payment adjustment year.

2. Non-Supplemental Payment Adjustments - October 1, 1999 - June 30, 2000.

Payment adjustments with respect to the period October 1, 1999, through June 30, 2000 (exclusive of the supplemental lump-sum payment adjustments provided for under subsection 3.), shall be structured as set forth below.

- a. The initial maximum size of the payment adjustment program for the period October 1, 1999, through June 30, 2000, shall be set at one billion seven hundred fifty million dollars (\$1,750,000,000), exclusive of any supplemental payment adjustments under subsection 3.
- b. The department shall compute the projected total payment adjustment amounts for all eligible hospitals for the 1999-2000 payment adjustment year, exclusive of any supplemental payment adjustments under subsection 3., by determining for each eligible hospital its total per diem composite amount and multiplying that figure by 80 percent of the hospital's annualized Medi-Cal inpatient paid days. For purposes of this paragraph, such determinations shall be without regard to the OBRA 1993 payment limitations.